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January 9, 2017

Laura Smith, Esq.  
Legal Director  
Truth in Advertising, Inc.  
P.O. Box 927  
Madison, CT 06443

Mr. Jared O. Blum  
DSA Code Administrator  
dsacode@usa.com

Re: Product Claims Made By Shaklee Independent Distributors

Dear Ms. Smith and Mr. Blum:

This letter is in response to Ms. Smith's letter of November 22, 2016 to Roger Barnett, Chief Executive Officer, Shaklee Corporation ("Shaklee")<sup>1</sup> and to Mr. Blum's letter of December 11, 2016 to Mr. Barnett.

First, we would like to say that Shaklee has been committed to the highest standards of conduct for the 61 years we have been in business. We also require that same standard from our more than two million Members<sup>2</sup> and Shaklee Independent Distributors ("Distributors") around the world. One reflection of the care and trust we have tried to earn every day for decades is that Shaklee has had the highest possible rating from the Better Business Bureau for as long as the BBB has maintained such records (51 years).

Shaklee would like to thank Ms. Smith for bringing to our attention certain product claims made by a few Distributors.

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<sup>1</sup> Note that Shaklee did not receive Ms. Smith's letter until it was forwarded by DSA staff in December.

<sup>2</sup> Members are customers who enroll to purchase products at a discount but may not sell products or earn commissions.

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In the listings reported by Ms. Smith <sup>3</sup> we found 24 individuals in the United States and five individuals in Malaysia who had posted the items. We contacted all but two of the individuals – the two we did not are neither Distributors nor Members and, therefore, we have no way of contacting them. Of the remaining 23 individuals in the United States, 21 have now removed their postings. We have called, emailed and written to the remaining two, and will suspend or terminate their distributorships if they do not respond. We also have written to YouTube requesting removal of these two postings. Of the four remaining in Malaysia, two Distributors have removed the postings. If the other two do not respond in short order, we will suspend or terminate their distributorships, as well.

The contract between Shaklee and each Distributor contains extensive provisions respecting product claims and prohibits all claims other than those set forth on product labels and in Shaklee publications. It specifically prohibits any claim that Shaklee nutritional products are useful in the treatment or cure of any disease or health-related condition. The field training department conducts regular training concerning these provisions. Shaklee also maintains a compliance department to investigate allegations of breach of this contractual provision and to enforce it. The compliance department regularly scans the internet for use of the Shaklee name. It also maintains an email address where Distributors can report any unauthorized claim. Distributors frequently report other Distributors who engage in unauthorized claims. Shaklee has terminated the distributorships of those who fail to comply with legal requirements governing product claims and will continue to do so as appropriate.

Shaklee conducts a legal review of all employee presentations, as well as those by Distributors appearing in Shaklee meetings and events, to ensure compliance with all FDA and FTC requirements. Shaklee has developed a social media

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<sup>3</sup> Several of the listings cited by Ms. Smith relate to Shaklee Cholesterol Reduction Complex. This product supplies 1,000 mg of plant sterols and stanols and, therefore, qualifies for an FDA approved health claim. Accordingly, Distributors may state that the product may reduce the risk of heart disease by helping to lower cholesterol. Nevertheless, Shaklee has requested removal of these claims as they do not comply with all elements of the FDA health claim.

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training program which includes information on authorized and unauthorized product claims. The training program will be launched this month and then presented at field meetings, regional conferences, the annual conference and posted online. Shaklee Malaysia staff are conducting training meetings in major towns and cities to re-educate their field concerning these important provisions.

We trust that our legal and compliance efforts demonstrate that Shaklee shares the desires of TINA and DSA for truthful, accurate and legally compliant product claims. Shaklee has had a long and excellent history in setting a standard for developing both products and a culture that reinforces the proper and legally compliant educational methods for people to improve their health.

Please feel free to contact me regarding the above and any other questions or comments in the future. We are here to serve.

Sincerely,



Marjorie L. Fine, Esq.

MLF/lt